



March 12, 2007

TO: Glen Wilson, Commissioner
Edward Garvey, Deputy Commissioner
THROUGH: Marya White, Manager
FROM: William Cole Storm, Staff
DOC Routing & Siting Unit (Tel: 651-296-9535)
RE: DOC Staff Recommendation on Content of the Environmental Assessment
MP/GRE Tower Transmission Routing Permit Project
PUC Docket # E015/TL-06-1624

ACTION REQUIRED: Signature of the Commissioner on the attached Order, "Environmental Assessment Scoping Decision." Once signed, the Department of Commerce (DOC) staff will mail the notice of the order to interested parties.

BACKGROUND:

Previous Docket

On November 29, 2005, Minnesota Power (MP) and Great River Energy (GRE) made a joint application to the Minnesota Public Utilities Commission (PUC) for Certification of two High-Voltage Transmission Line (HVTL) projects pursuant to the provisions of Minnesota Statutes 216B.2425 and Minnesota Rules, Chapter 7848, through the Biennial Transmission Projects Report proceeding. The two projects are referred to as "Tower" and "Badoura." The Tower project would be approximately 15 miles of new transmission lines, a new Embarrass switching station, and a new Tower substation located in Saint Louis County in northeastern Minnesota.

As part of its review of a Biennial Transmission Report requesting certification of a HVTL, the PUC is required to prepare a document called an Environmental Report (ER). Minn. Rules 4410.7030. On behalf of the PUC; the DOC Energy Facility Permitting (EFP) staff prepared an ER based on its analyses of the information and data supplied in the two Biennial Projects Reports and several other relevant sources. The Minnesota Department of Commerce prepared and distributed an Environmental Report for the two projects on February 14, 2006.

On March 29, 2006, a Public Hearing was held on this matter. The public hearing was presided over by Administrative Law Judge Richard Luis from the Minnesota Office of Administrative Hearings. On May 25, 2006, the PUC issued an Order certifying that the Tower and Badoura Projects are needed and designating the project as a priority electric transmission project.

Current Docket

MP/GRE filed the HVTL route permit application on December 22, 2006 and on January 17,

2007, the PUC issued an Order accepting the MP/GRE Tower HVTL Route Permit Application as complete. The Badoura Project will be considered via a separate filing.

The application is being reviewed under the Alternative Review Process (Minnesota Rules 4400.2010) of the Power Plant Siting Act (Minnesota Statutes 116C.51 to 116C.69). Under the Alternative Review Process, an applicant is not required to propose any alternative sites or routes. The Department of Commerce Energy Facility Permitting Staff holds an initial public information/scoping meeting, develops a scoping decision recommendation, prepares a document called an Environmental Assessment, and conducts a public hearing, although it need not be a contested case hearing. The PUC has six months to reach a decision under the Alternative Process from the time the application is accepted.

On February 13, 2007, DOC EFP staff held the initial public information/scoping meeting in Embarrass. The purpose of the public meeting was to provide the public with information about the project, afford the public an opportunity to ask questions and present comments, and to solicit input on the content of the EA.

During the initial public information/scoping meeting much concern was raised about those portions of the proposed HVTL route (approximately 6 miles) that shared the corridor along the Iron Ore Trail. The Iron Ore Trail consists of former Duluth Missabe & Iron Range Railroad (DM&IR) grade that has been deeded back to the current land owners. The landowners, in an agreement with a local snowmobile club (i.e., Penguin Snowmobile Club), have granted limited access to the former railroad grade to be used as a snowmobile trail.

Another meeting was held in Tower on February 21, 2007; this meeting was moderated by DOC EFP staff. Participants included affected landowners, snowmobile club members, MP & GRE staff, and representatives from the MDNR and St. Louis County. The purpose of the meeting was to facilitate the group of concerned citizens in the development of a viable alternative route that maximized the use of public owned lands and moved the proposed HVTL route away from the Iron Ore Trail. As a result of this meeting two alternative routes were put forth for consideration: the "Citizens' Public Lands Route East" and the "Citizens Public Lands Route West". The comment period was held open until 5:00 pm March 9, 2007.

Thirty-five comment letters were received concerning the MP & GRE Tower HVTL Route Permit Application; 29 of these specifically spoke in favor of the "citizens' public lands" route. Other concerns raised included environmental and human health impacts. These issues, along with the typical HVTL routing impacts, have been incorporated into the proposed Order on the Environmental Assessment Scoping Decision.

SCHEDULE: The Environmental Assessment will be completed by April 20, 2007.



**In the Matter of a Minnesota Power &
Great River Energy, Application for a High
Voltage Transmission Line Permit in the
vicinity of Tower (St. Louis County)**

**ENVIRONMENTAL ASSESSMENT
SCOPING DECISION**

PUC Docket No. E015/TL-06-1624

The above matter has come before the Commissioner of the Department of Commerce (the Department) for a decision on the content of the Environmental Assessment (EA) to be prepared in consideration of the Application for a High Voltage Transmission Line (HVTL) Route Permit from Minnesota Power (MP) and Great River Energy (GRE) on the proposed Tower Transmission project.

The Routing and Siting Unit of the Department held a public meeting on February 13, 2007 in Embarrass. The purpose of the meeting was to provide the public with information on the project and to solicit input into the content of the EA.

The public was given until March 9, 2007, to submit written comments.

Having reviewed the matter, and having consulted with staff, I hereby make the following Order on the content of the EA:

MATTERS TO BE ADDRESSED

The EA will address the following matters:

- 1.0 INTRODUCTION**
 - 1.1 Project Description
 - 1.2 Project Location
 - 1.3 Project Purpose
 - 1.4 Sources of Information
- 2.0 REGULATORY FRAMEWORK**
 - 2.1 PUC Certification Requirement
 - 2.2 Environmental Assessment Requirement
- 3.0 ALTERNATIVE ROUTES**
 - 3.1 Citizens "Public Lands" Route
- 4.0 IMPACTS AND MITIGATIVE MEASURES**
 - 4.1 Human Settlements
 - 4.2 Noise
 - 4.3 Aesthetics

- 4.4 Recreation
- 4.5 Transportation
- 4.6 Land Use
- 4.7 Prime Farmland
- 4.8 Soils and Geology
- 4.9 Flora
- 4.10 Fauna
- 4.11 Archaeological and Historic Features
- 4.12 Air Quality
- 4.13 Surface Water
- 4.14 Wetlands
- 4.15 Human Health and Safety to include Electric and Magnetic Fields (EMF)
- 4.16 Potential for radio, television and cell phone interference from transmission lines

IDENTIFICATION OF PERMITS

The EA will include a list of permits that will be required for the applicant to construct this project.

ISSUES OUTSIDE OF THE ENVIRONMENTAL ASSESSMENT

The Department will not, as part of this environmental review, consider whether a different size or different type of transmission line should be built. Nor will the Department consider the no-build option regarding the HVTL.

SCHEDULE

The EA shall be completed by April 20, 2007.

Signed this 13 day of March, 2007

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE



Glenn Wilson, Commissioner